

Trade Invest Monthly

Hawaii's International Business Network

State of Hawaii

Department of Business, Economic Development & Tourism

To receive the Trade Invest Monthly by Email, please send your request to: tradeinvest@dbedt.hawaii.gov

Hawaii International Notices

U.S. Customs Service Amendment to the Definition of "Exporter" on SED

The U.S. Customs Service – Honolulu Office published a notice stating, "On July 10, 2000, the Census Bureau issued new regulations which replace the term 'exporter' with the term 'U.S. Principal Party in Interest (USPPI)' for Shippers Export Declaration (SED) and Automated Export System (AES) statistical purposes."

Likewise, the Department of Commerce also issued new regulations on July 10, 2000, adopting the USPPI concept for SED and AES statistical purposes only. The SED and AES record will be revised by replacing the term "exporter" with the term "U.S. Principal Party in Interest."

According to the U.S. Customs Service, "Until now, the Census regulations defined the export for SED or AES purposes as the 'principal or seller in the export transaction.'

This definition has been amended as result of the expanding quantity of goods being sold for export in a 'routed export transaction.' That is a transaction in which a foreign entity, located outside the United States, purchases goods and directs that they be delivered to a designated agent for export. The foreign entity thus became the principal in the export transaction.

Since the exporter for SED, AED, or license purposes, could not be a foreign entity outside the United States, their designated agent assumed the role of the exporter. This led to a significant deterioration in data quality because the agent may not have access to all the information necessary to accurately complete the SED or AES record."

Any questions concerning the changes may be directed to the Chief Inspector, Outbound Branch, at Tel: (808) 861-8455. The U.S. Customs Service – Honolulu Office also sends out updates via fax transmission. If you wish to receive these updates directly, contact Julian Field at Tel: (808) 861-8454; Fax: (808) 861-8456; or e-mail: julian.field@customs.treas.gov

Panama: Gateway to Business Opportunities in Latin America

Panama is Latin America's "Premier Place" to do business.

Hawaii firms interested in resort and infrastructure development, tourism related industries, export/import trade, and manufacturing in the Republic of Panama as well as in Latin America, should attend this forum.

DATE: November 21, 2000
TIME: 12:00pm to 2:00pm.
PLACE: State Office Tower
235 S. Beretania St., Rm. 204

Specific project opportunities will be discussed as well as EXPO-COMER - "The International Commercial Fair" to be held in Panama, March 7-12, 2001.

For more information call Bill Brophy (808) 549-6883 / 531-5483 or Richard Fassler, DBEDT, (808) 587-2775 Email: rfassler@dbedt.hawaii.gov.

International Notices

Exporter Referral Program / MyExports.com

The Department of Commerce announced their new website <www.myexports.com>. This service is offered to all U.S. companies that want to promote their products before a worldwide audience.

This website can also help U.S. producers find export management, trading, and consulting firms that can develop trade opportunities, solve export problems and facilitate export deals.

U.S. companies that register at the site will receive a free on-line listing and a free listing in the printed version of *MyExports.com Buyers' Guide to U.S. Products and Services*, an annually published directory distributed through all Export Assistance Centers nationwide as well as in U.S. embassies and consulates.

For more information about exporting or to receive a copy of the *MyExports.com Buyers' Guide*, contact the D.O.C. Export Assistance Center - Hawaii office at (808) 522-8040 or the Trade Information Center toll free at 1-800-USA-TRADE.

ExpoUSA - Showcase your products on the WWW

The U.S. Department of Commerce (DOC) has a Web-site <E-ExpoUSA.doc.gov>, designed to help small-to-medium-sized companies market their products and services globally via the Internet at a reasonable cost.

E-ExpoUSA is a virtual trade show online 24 hours a day, seven days a week, 365 days a year. The site offers companies a virtual booth that contains the following features:

- ◆ Company overview complete with company logo;
- ◆ Hotlinks to company website;
- ◆ E-mail link to designated company contact;
- ◆ Ability to feature up to five products or services complete with pictures and/or logos;
- ◆ Electronic lead collection;

- ◆ Targeted promotion at selected international trade events;
- ◆ Profiles of international buyers; and
- ◆ Your virtual booth stays up for one year from the date of registration.

Since its launching one year ago in Mexico City, E-ExpoUSA now features 630 exhibitors from over 50 industry sectors. The site has received over 125,000 hits, generated over 300 trade leads and been featured at international trade shows in Mexico City, Toronto, Paris, Sydney and Geneva.

Representatives from the Commercial Service exhibit the participating companies' *Virtual Booths* through the Internet on a wide screen at international trade shows. Translators and representatives are available to assist trade show visitors with questions on various virtual booths and sites. When users enter the E-EXPO website, they have the option of viewing information in English or Spanish. Pictures and icons can be clicked on to get to the region, state, and company for products or services sought. Once a company has been selected, the user can review the products and services, send an email message or go to the company's home page.

The basic fee for a virtual booth on E-Expo USA is \$100 for US participants. For an additional \$50.00, companies can exhibit a video, audio, PowerPoint presentation, or PDF file from the virtual booth. Companies targeting overseas tradeshow must give at least 6 months advance notice before the start of the trade show or event.

To register for this service:

- ◆ From the homepage at e-expousa.doc.gov/welcome.htm select "U.S. Visitors", then follow the link to "Registration".

For more information contact the DOC Export Assistance Center - Hawaii office at (808) 522-8040; the Trade Information Center toll free at 1-800-USA-TRADE or email: to joel.reynoso@mail.doc.gov

Worldwide Market Reports

Japan Casual Wear – What Japanese Buyers Seek

The U.S. & Foreign Commercial Service summarized a panel discussion held at the International Fashion Fair on July 27, 2000.

The panelists consisted of four buyers from leading Japan casual wear specialty stores; *Ships* (37 stores), *Beams* (63 stores), *United Arrows* (32 stores) and *Barney's Japan* (2 stores).

These stores are very popular and are recognized as trendsetters in the casual wear market.

In summary, the Japanese buyers are characterized by the following:

- "Charisma buyers." - They buy what they want to wear or what they think is cool rather than trendy items.
- "Originality" – They do not want items that other stores sell.
- "Desire new brands" – All the buyers frequent major trade shows and collections in the world. Friends and people they know will influence their decisions.

In addition, all buyers agreed that an "attractive" designer with clear design concepts and designs that match the "image" of the designer are very important. They buy when they like the designer even if the total collection is not complete.

For a copy of a report, send the request form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov.

Republic of Palau – Investment Climate

In the sixth year following its independence on October 1, 1994, the U.S. & Foreign Commercial Service has provided an update on the Republic of Palau as it continues its attempts to develop a tourist-based economy through controlled foreign investment.

Key points in the update are as follows:

1. Current foreign investment system has raised concerns due to a lack of transparency. A Senate foreign investment task force is currently reviewing the foreign investment law and regulations in response to a 1999 Monetary Fund report stating that the laws and regulations are restrictive to potential investors;
2. The attitudes toward foreign investment in the Republic of Palau are mixed. Balanced growth is desired to promote and preserve the nation's natural resources while maintaining control among Palauans;
3. The national government has committed over 15% of its budget over the past few years to fund capital projects in order to provide an infrastructure supportive of economic development;
4. Large capital projects supported by the U.S., Japan, and Taiwan have been projected to total US\$340 million over the next several years. The major focus of recent foreign investment has been in hotel, and tourist-related activities; and
5. Aggressive economic development desired by government officials and legislators, is also tempered by the fear of a pace that is too fast for local businesses shutting out local participation.

These are some of the considerations that must be taken before making any foreign investment decisions. For a copy of the report, complete the request form and fax to (808) 587-3388 or Email to tradeinvest@dbedt.hawaii.gov.

Hong Kong – "Absence of a Competition Law" Restricts Retail and Wholesale Food Trade Practices

The U.S. Department of Agriculture's Foreign Agricultural Service recently published a report on Hong Kong's lack of a competition law and its affect on the market.

Hong Kong has one of the world's freest import markets due to its trade policy belief that free trade will help stimulate continued economic growth.

In contrast to the trade policy, Hong Kong does not have a comprehensive competition law, and the absence allows for some trade practices that prohibit full competition.

One such situation is the "Resale Price Maintenance" (RPM), refers to a system where the supplier offers recommended retail prices, and will stop selling to any retailer that does not follow that pricing scheme. RPM was brought to light in a complaint by the French food retailing chain *Carrefour* in 1997. After years of struggling against the RPM, *Carrefour* pulled out of the Hong Kong market on September 18, 2000.

The Hong Kong Consumer Council investigations confirmed that RPM exists in the Hong Kong retail food business. Industry sources agree that RPM is a widespread in Hong Kong.

The Hong Kong Consumer Council continues to challenge the anti-competitive trade practices. It is pushing the Hong Kong government to enact a comprehensive competition law. However, such a law is still not on the Hong Kong government's agenda. Further, it does not appear that a Competition Law will be enacted in the near future.

The RPM will affect smaller retailers and new suppliers in the form of slim or no profit margins as the larger and established players conspire to limit competition at the retail level and profit levels at the wholesale level.

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French Bottled Water Market

With France being the third largest bottled water producer and the second largest consumer in Europe, Hawaii bottled water manufacturers and suppliers could study the report on the "French Bottled Water Market" published by the U.S. & Foreign Commercial Service to learn more about the world competition.

The key points to the French bottled water markets are:

- In 1999, the French bottled water market was estimated at FFRS 14.5 billion (US\$2.07 billion);
- 1999 volume was 7.9 billion liters, or 2 billion US gallons;
- 1999 growth rate of the French bottled water market was 5.7% in value, 5% in volume;
- Trends will continue over the next two years;
- Non-carbonated spring waters and flavored water are expected to continue to be the fastest growing segments;
- *Nestle*, *Danone* and *Neptune* dominate the domestic bottled water market with a combined 62% market share
- Top six national selling brands are *Badoit*, *Evian*, *Vittel*, *Volvic*, *Perrier*, and *Contrex*; and
- American bottled waters are non-existent in the marketplace due to freight costs and import duties that triple the landed cost.

For a copy of a report, send the request form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov.

Australia – Travel Market to the U.S.

The U.S. & Foreign Commercial Service recently published a report on the outbound Australian travel market to the U.S. and special mention was given to Hawaii as a destination with the most potential for an increase in Australian visitors.

The key points in the report are as follows:

- In 1999, 483,000 Australians traveled to the U.S.;
- The U.S. Department of Commerce's Office of Tourism Industries estimates that tourism from Australia will grow at a rate of 3.6% over the next three years;
- Australia's economy is growing at a rate of 3.75%;
- Characteristics of the Australian travelers to the U.S. – long stays and high spending. The average trip is 24 days;
- Australians travel during the off-season months of May, September, October and December;
- Australians receive four weeks of annual leave per year;
- Hawaii is the 3rd most popular U.S. state with 18% market share in 1999 (89,000 visitors). California is the most popular state with a 58% market share, and New York the second most popular state with a 22% market share;
- Honolulu is the 5th most popular city with 72,000 visitors – a 15% market share. Los Angeles was the most popular city with 183,000 visitors for a 38% market share;

- According to industry sources, as a market with non-stop air travel to Hawaii, Australia holds outstanding potential for growth; and
- According to a survey conducted by Gallup International, a destination for Australian travelers must:
 1. Provide new experiences, e.g., local customs and culture;
 2. Have ample food and sunshine;
 3. Satisfy the so-called "good life" with shopping activities and nightlife;
 4. Have sightseeing attractions – monuments, historical buildings and museums;
 5. Allow for relaxation and adventure; and
 6. Provide value for the money spent.

For a copy of the report, complete the request form and fax to (808) 587-3388 or by Email to tradeinvest@dbedt.hawaii.gov.

Japan – Fresh Asparagus Market

The U.S. Department of Agriculture's Foreign Agricultural Service provides a market update on the fresh asparagus market in Japan. A summary is as follows:

1. The overall market for fresh asparagus in the Japan has been relatively stable over the past couple of years with about 42,000 to 46,000 metric tons split evenly between domestic and imports.
2. It is sold year-round in Japan, and to keep supply steady throughout the year, they mix domestic asparagus (heaviest in May & June); and import sales from the following countries: Mexico (dominates in January through March); U.S. (volume peaks from March to May), Australia (fall and winter), and the Philippines (year-round).
3. Fresh asparagus imports from Mexico will continue to increase, and has become an early-season competitor to the U.S.
4. As a pricing reference, current prices as of this report for U.S. asparagus is 150-200 yen (US\$1.37 – US\$1.83) for a bundle of 150 grams at the Tokyo supermarkets. Each bundle has about three to four spears. Domestic asparagus has similar pricing.

The Foreign Agricultural Service states that although the fresh asparagus market is mature, there are still marketing opportunities for U.S. growers, especially in May and June for the following reasons:

1. Buyers are becoming more aware of the superior quality of U.S. fresh asparagus over the local product;
2. The U.S. products have become more visible at retail during May. This period was once dominated by the local-grown asparagus; and
3. With the aging farm population in Japan and the higher labor costs, the local-grown asparagus competition is expected to decline.

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Australia – Color Cosmetics Industry

The U.S. & Foreign Commercial Service reports that the Australian color cosmetics market is an exciting and vibrant market with opportunities for innovative companies.

A summary of the market is as follows:

- Although Australia's population is relatively small at 19 million people, Australia is the eighth largest cosmetics market in the world with an estimated US\$521 million in annual revenue;
- The color cosmetic market is expected to grow 12% over the next two years;

- Strong growth is attributed to new cosmetic entrants, as well as changes in the retail channels and consumer behavior. Smaller players are providing a challenge to the large multinational cosmetic companies such as *Estee Lauder*, *Chanel*, and *Clarins*; and
- Over 65% of the total market is supplied by imports. The U.S. has a solid 35% of the import market share.

Color cosmetics are retailed through department stores, pharmacies, mass market retailers, beauty salons, and boutique make-up stores. The following changes over the past couple of years have spurred the growth:

- Changes in the retail sector – a move toward mass retailers and stand-alone boutique cosmetic stores. Some supermarkets have also started to stock cosmetics. Approximately 45% of the cosmetics market is controlled by two department stores - *Myer / Grace Brothers and David Jones*;
- Brands are aimed as specific segments of the market rather than a product that meets all needs; and
- Consumers are more likely to shop around and select from different brands rather than remain brand loyal for the entire cosmetic range.

For a copy of a report, send the request form by Fax: (808) 587-3388 or by email: tradeinvest@dbedt.hawaii.gov.

Trade Opportunities

The trade opportunities listed come directly from the company or trade organization. DBEDT does not endorse these companies or organizations. Please do your own background check before entering into any business negotiation.

A distributor is offering services to all companies interested in importing products from the Philippines. Contact: Imelda G. Mendoza, owner, at Buysel Link Merchandising, #27 E. Perla Street Harrison, Pasay City, Philippines, Tel: (632) 536-5840 / 536-5841, Fax: (632) 536-5841 or Email: buysel@info.com.ph.

Trade Shows, Conferences, & Trade Missions

April 10-13, 2001. SIAL China, Shanghai, China. International exhibition for food, beverages, wines and spirits. Contact Kelly Wheatley, International Marketing Manager, Expositum North America, Tel: (704) 365-0041, Fax: 365-8426 or Email to sial@imexmgt.com.

2001 Trade Shows run by The Montgomery Network

- February 21-24. Food & Hotel Indonesia 2001. Jakarta, Indonesia. The 6th international Hotel, Catering Equipment, Food & Beverage Exhibition
- February 25-28. IFE 2001. The 12th International Food & Drink Exhibition 2001. London, U.K.
- March 28-30. RITE 2001. Retail Industry Trade Event 2001, Singapore.
- May 8-11. Hofex 2001 Food & Drink. The 9th International Exhibition of Food & Drink. Hong Kong.
- June 27-30. Food & Hotel Philippines 2001. The 4th International Hotel, Catering Equipment Food & Drinks Exhibition. Manila, Philippines.
- August 26-29. Fine Food Australia 2001. The 21st Australian International Food, Drink, & Equipment Exhibition. Sydney, Australia.
- August 28-31. FHC 2001 Food & Drink. The 8th International Exhibition of Food & Drink. Shanghai, China.
- September. Ethnic Food London 2001. London, U.K.
- September 26-29. FHM 2001. The 6th Malaysian International Exhibition of Food, Agricultural Products, Drinks, Hotel, Restaurant & Catering Equipment Supplies Services and Related Technology. Kuala Lumpur, Malaysia.
- October 24-27. IFHS 2001. The 9th International Hotel, Catering, Food, Beverage & Franchising Exhibition. Bangkok, Thailand.

For updates on the above-listed shows, contact Overseas Exhibition Services Ltd in the U.K. at Tel: +44 (0)20 7862 2100; Fax: +44 (0)20 7862 2118; e-mail: food@montnet.com; website: < www.montnet.com >

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Report Request Form

Company: _____ Contact person: _____
 Address: _____ City: _____ Zipcode _____
 Tel: _____ Fax: _____ Email: _____

Report(s) requested:

Japan Casual Wear – What Buyers Seek
 Hong Kong – Absence of Competition Law
 Australia – Color Cosmetics Market
 Other: _____

French Bottled Water Market
 Japan – Fresh Asparagus Market
 Republic of Palau – Investment Climate

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